



## **Appendix C**

### **Writing a Business Plan**

#### **1) Introduction**

- a) Give a detailed description of the business
- b) Explain the type of business
- c) Discuss the ownership of the business and legal structure
- d) List the skills and experience you bring to the business
- e) Discuss the product/service offered

#### **2) Marketing**

- a) Identify the demand for your product/service
- b) Identify your customers and their location(s)
- c) Explain how your product/service will be advertised
- d) Discuss how your product/service will be delivered
- e) Explain pricing strategy
- f) Explain your source and amount of initial equity capital
- g) Develop a monthly operating budget for the first year
- h) Provide three years of projected quarterly balance sheets and profit or loss statements
- i) Provide monthly cash flow statements which tie to other statements provided for a two-year period
- j) Discuss your break-even point
- k) Explain your personal balance sheet, and method of compensation
- l) Discuss how and who will maintain your accounting records
- m) Provide "what if" statements to demonstrate alternative approaches to addressing any negative which may develop

#### **3) Operations**

- a) Explain how the business will be managed on a day-to-day basis
- b) Discuss how you will hire your employees and discuss personnel procedures
- c) Discuss insurance, lease or rent agreements, and issues pertinent to your business

#### **4) Resources**

- a) Small Business Administration –
  - i) [www.sba.gov](http://www.sba.gov)
  - ii) 1-800-8-ASK-SBA
  - iii) Publications and products
- b) Service Corps of Retired Executives (SCORE)
- c) Department of Commerce
  - i) 202-377-3176
  - ii) Office of Business Liaison



- d) Economic Development Administration – 202-377-5113
- e) International Trade Administration (ITA)
  - i) Up-to-date foreign market information
  - ii) Assists in establishing foreign market contacts
  - iii) 202-377-1289
- f) Internal Revenue Service
- g) Local Economic agencies
- h) American Chambers of Commerce
- i) Local colleges and universities business departments
- j) Libraries
- k) Manufacturers and suppliers of small business technologies and products
- l) Customer surveys in your market area
- m) Competitors

## 5) Why Planning is Critical

- a) Gives you a path to follow
- b) Best tool to help raise money
- c) Excellent communications tool for investors, suppliers, employees and others interested in understanding the operations and goals of your business
- d) Statistically only business that plan well succeed

## 6) Elements of a Business Plan

- a) Business Description
  - i) Business name, address and owner identification
  - ii) Identifies goals and objectives
- b) Products and Services
  - i) Very descriptive explanation of all products and services
  - ii) Describes what you are selling and why
- c) Sales and marketing
  - i) The core of the business rationale
  - ii) Who and how large is market
  - iii) How will you be competitive
  - iv) What pricing and sales terms are you planning
  - v) How will you market your products and services
- d) Opening Requirements
  - i) Identify and describe the equipment, facilities and people necessary to generate your products and services
  - ii) How will your products and services be produced and made available to customer
- e) Financial Management
  - i) Most critical part of plan
  - ii) Projected start-up costs
  - iii) Expected profit or return on investment for the first year
  - iv) Projected income state and balance sheet for two years
  - v) Projected monthly cash flow statement for 12 months



- 7) Concluding Narrative
  - a) Summarize your business goals and objective
  - b) Send a message of commitment to success
- 8) Overall impression
  - a) Complete
  - b) Clear
  - c) Accurate
  - d) Length - few pages to over a hundred
  - e) Blueprint for business
  - f) Enticing